

original bit stream requires the inclusion within the bit stream of an accurate record of bits before modification" as anticipating element 2 of Claim 1, which covers : "...means for alternating the signs of said bit stream in accordance with a sign inversion cycle."

Applicants respectfully submit that the Examiner's assertion does not accurately interpret the Barton disclosure as applied to the present invention.

The Barton teaches data compression and decompression. Particularly, Barton teaches the performance of lossy (compression) encoding.

Barton does not disclose a motion picture electronic watermark system for embedding information in frames. Also Barton does not disclose the method for embedding additional information in frames as now defined in Claim 1 by virtue of the instant amendment.

Applicants' method adds the additional information which was not included in an original motion picture so that it also is hidden.

On the other hand, the method of Barton compresses the data itself. Therefore, Barton does not disclose the method of the embedding additional information. Applicants have amended the claims to include the language "means for inversing each bit in the bit stream in accordance with a sign inversion cycle" in order to distinguish the claims from Barton's method.

Claims 1 and 13 each cover a system that is completely different from Barton's teaching. Barton does not contain a disclosure of each and every element found within Applicants' invention. Barton does not disclose means for inversing each bit in said bit stream in accordance with a sign inversion cycle.

It is important that the following aspects of the invention be understood. First, by using the phrase "altering the signs of said bit stream", the Examiner may have interpreted that Applicants would change the bits in the bit stream. If so, that misapprehension would lead the Examiner to

deduce that the instant invention is disclosed by Barton. The language "...inverting each bit in said bit stream ..." indicates clearly what Applicants' invention is.

Barton's system shares bits among multiple numeric data. Therefore, Barton does not disclose the method of the embedding of additional information. Applicants claims read: "...means for inverting each bit in the bit stream in accordance with a sign inversion cycle..." which language distinguishes the instant claims from Barton's method.

Second, Applicants' claims cover a bit stream which is an entity of additional information to be embedded or hidden into motion picture frames. The use of the word "stream" is confusing as the term is commonly used in the context of motion pictures because "streaming" sometimes means a stream of motion pictures.

The Examiner concedes that Barton does not teach all of the claimed subject matter found in Claims 1 and 13. The Vynne reference teaches a security system. Based upon the teachings and objectives of the cited references, there is no basis for combining the two references.

In order to analyze the propriety of the Examiner's rejections in this case, a review of the pertinent applicable law relating to 35 U.S.C. § 103 is warranted. The Examiner has applied the Haitsma and Adler references noted above using selective combinations to render obvious the invention.

The Court of Appeals for the Federal Circuit has set guidelines governing such application of references. These guidelines are, as stated are found in Interconnect Planning Corp. v. Feil, 774 F.2d 1132, 1143, 227 USPQ, 543, 551:

When prior art references require selective combination by the court to render obvious a subsequent invention, there must be some reason for the combination other than hindsight gleaned from the invention itself.

A representative case relying upon this rule of law is Uniroyal, Inc. v. Rudkin-Wiley Corp., 837 F.2d 1044, 5 USPQ 2d 1434 (Fed. Cir. 1988). The district court in Uniroyal found that a combination of various features from a plurality of prior art references suggested the claimed

invention of the patent in suit. The Federal Circuit in its decision found that the district court did not show, however, that there was any teaching or suggestion in any of the references, or in the prior art as a whole, that would lead one with ordinary skill in the art to make the combination. The Federal Circuit opined:

Something in the prior art as a whole must suggest the desirability, and thus the obviousness, of making the combination. [837 F.2d at 1051, 5 USPQ 2d at 1438, citing Lindemann, 730 F.2d 1452, 221 USPQ 481, 488 (Fed. Cir. 1984).]

Applicants respectfully submit that there is no basis for the combination of the aforementioned references cited by the Examiner. Applicants submit that Barton and Vynne teach in different directions. The Examiner has selected elements and steps from the cited references for the sake of showing the individual elements and/or steps claimed without regard to the total teaching of the two references.

It appears that the Examiner in his application of the cited references is improperly picking and choosing. The rejection is a piecemeal construction of the invention. Such piecemeal reconstruction of the prior art patents in light of the instant disclosure is contrary to the requirements of 35 U.S.C. § 103.

The ever present question in cases within the ambit of 35 U.S.C. § 103 is whether the subject matter as a whole would have been obvious to one of ordinary skill in the art following the teachings of the prior art at the time the invention was made. It is impermissible within the framework of Section 103 to pick and choose from any one reference only so much of it as will support a given position, to the exclusion of other parts necessary to the full appreciation of what such reference fairly suggests to one of ordinary skill in the art. (Emphasis in original) In re Wesslau 147 U.S.P.Q. 391, 393 (CCPA 1965)

This holding succinctly summarizes the Examiner's application of references in this case, because the Examiner did pick and choose so much of the Vynne, et al. reference to support the position and did not cover completely in the Office Action the full scope of what these varied disclosure references fairly suggest to one skilled in the art.

Further, the Federal Circuit has stated that the Patent Office bears the burden of establishing obviousness. It held this burden can only be satisfied by showing some objective teaching in the

prior art or that knowledge generally available to one of ordinary skill in the art would lead that individual to combine the relevant teachings of the reference.

Obviousness is tested by "what the combined teachings of the references would have suggested to those of ordinary skill in the art." In re Keller, 642 F.2d 413, 425, 208 USPQ 871, 881 (CCPA 1981). But it "cannot be established by combining the teachings of the prior art to produce the claimed invention, absent some teaching or suggestion supporting the combination." ACS Hosp. Sys., 732 F.2d at 1577, 221 USPQ at 933. [837 F.2d at 1075, 5 USPQ 2d at 1599.]

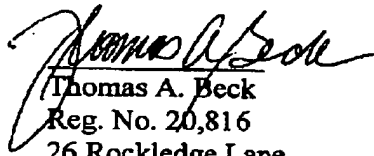
The court concluded its discussion of this issue by stating that teachings or references can be combined only if there is some suggestion or incentive to do so.

In the present case, the skilled artisan, viewing any or all of the references would be directed toward a totally different system than is called for in the present invention.

There is no suggestion in Vynne et al. to apply the inversions of Vynne into the Barton system and no basis to consider the Vynne in combination with Barton, et al. There is no basis for combining these references.

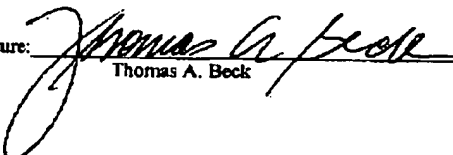
In view of the arguments and modifications to the claims, allowance of this case is warranted. Such favorable action is respectfully solicited. If the Examiner wishes to discuss the substance of the claims contained herein with the intent of putting them into an allowable form, Applicants' attorney will be glad to speak with him at a mutually agreeable time by telephone and will cooperate in any way possible.

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I certify that this amendment is being telefaxed to the United States Postal Service on the date shown below to (703) 872-9306 addressed to:
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Date: January 27, 2005